INSIDE PHARMACY

Percent representation of top 100 OTC products by category			
Category	Units	Dollars	Dollar margins
Analgesics	23%	21%	20%
Antacids	9	7	7
Asthma	—	2	2
Contraceptives	2	4	4
Cough/Cold	32	25	27
Diet Aids	4	4	4
Eye/Lens care	14	12	12
Feminine hygiene	2	—	—
First Aid	9	11	10
Laxatives	2	5	5
Stimulants	1	—	—
Vitamins	2	4	4

Source: *Drug Store News* Research

Cough and cold category

NEW YORK — Despite complaints from chain drug retailers of continual erosion in OTC product sales to non-traditional drug store outlets such as supermarkets and discount operations, the over-the-counter drug department remains one of a chain's strongest traffic draws, led by sales of cough and cold products.

According to this year's exclusive *Drug Store News* survey on the top 100 OTC products sold in chain drug stores, consumers purchased more cough and cold products in 1986 than any other product category in the chains' OTC sections.

The survey revealed that cough and cold products accounted for nearly a third (32%) of all the fastest moving products listed among the top 100 OTCs. Cough and cold products also led the way in dollar sales (25% of top 100 OTCs).

The cough/cold section must also have been one of the most popular among retailers, because the survey also showed that cough and cold products returned the highest profit to the retailer.

Much crossover

According to the survey, 27% of all products sold from the top 100 OTC listing were for cough/cold preparations.

Some of the credit for the high grades given to the cough and cold section has to go to consumers' confusion about product usage.

While many medications in this section are clearly indicated for a particular diagnosis, such as congestion, sinus headache, runny nose and allergy, consumers often use several products for their coldlike symptoms in their eagerness for immediate relief.

Some of this confusion might stem from short television commercials that visually show a cold or hay fever sufferer. Consumers, thinking that all symptoms come from the same source, often will run the gamut of products to seek relief, regardless of product indications.

For example, this year's survey showed that Parke Davis' Benadryl capsules 25mg, an antihistamine indicated in the treatment of allergy, was the 12th fastest moving cough and cold product (in a field of 32), and ranked 16th among the top 100 OTCs sold in chain drug stores.

The fastest moving cough and cold product, and ranked fourth among the top 100 OTCs, was Vicks Nyquil 6 oz., a popular nighttime cold medication and a perennial winner in *Drug Store News*' top 100 OTC study.

Another factor leading to a high crossover in the cough and cold category is the retailers' perception of what is actually considered a cough and cold product.

Although each product is clearly labeled for its indicated use, the retailer, realizing that consumers will try a variety of therapies in treating flu- and coldlike symptoms, places all related products in the same section, hoping for complementary sales.

Product recognition

An additional factor responsible for cough and cold products' No. 1 rating among the top 100 OTC products is that a high percentage were once sold by prescription only.

Brand-loyal consumers who once used prescription-only cough and cold products that were switched to OTC status will usually remain loyal because of product recognition.

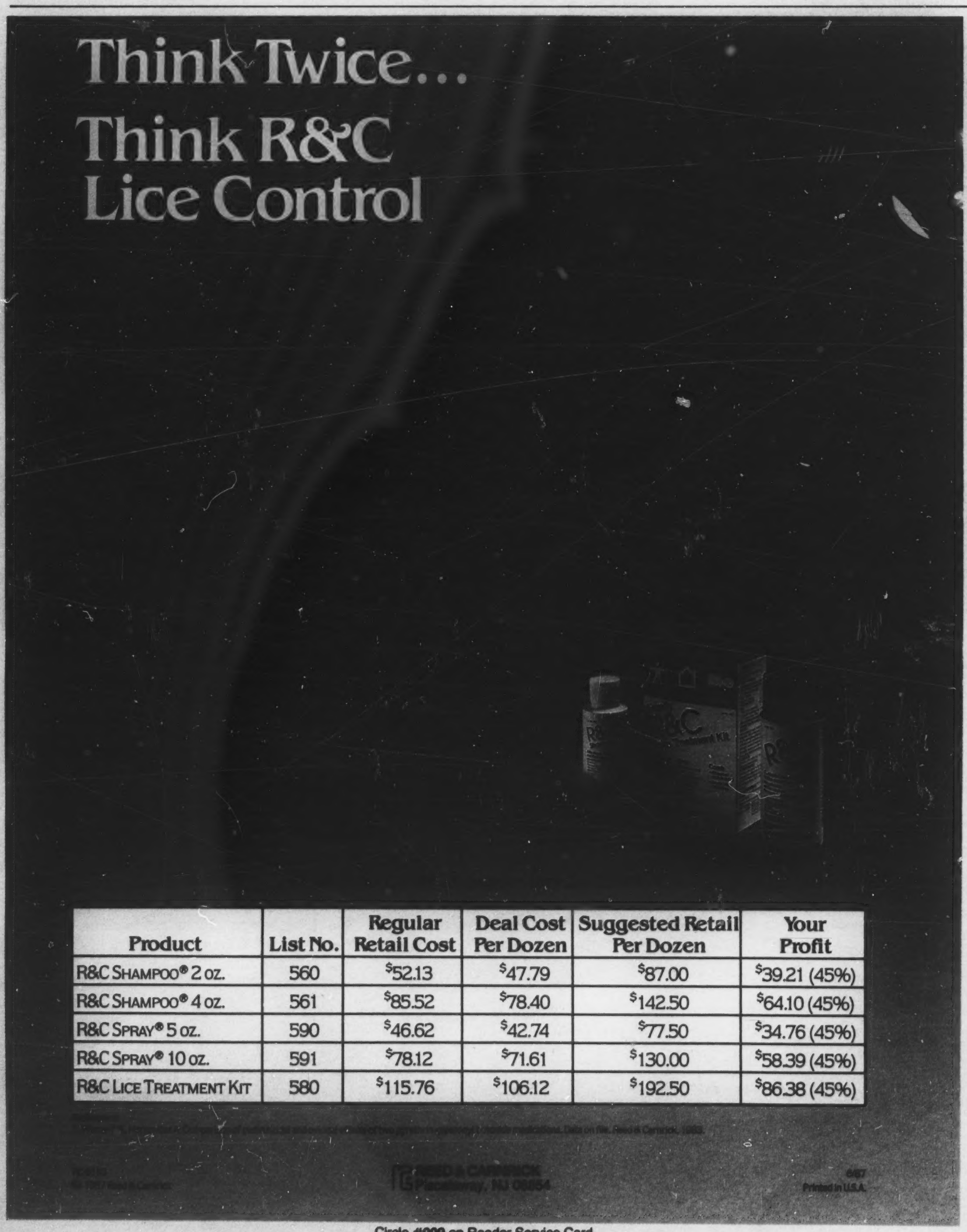
Analgesics in second place

The second hottest product category among the top 100 OTCs, based on unit movement, dollar sales and dollar margins, was analgesics.

According to the study sample, analgesics accounted for 23% of the top 100 OTC products moving through drug chains. Based on dollar sales, analgesics were more competitive with cough and cold products, with analgesics accounting for 21% of the top 100 OTCs (compared with 25% for cough and cold).

Tylenol's strong showing

Once again Tylenol products had a strong showing in the category. In fact, Tylenol Extra Strength caplets 50s



Product	List No.	Regular Retail Cost	Deal Cost Per Dozen	Suggested Retail Per Dozen	Your Profit
R&C Shampoo® 2 oz.	560	$52.13	$47.79	$87.00	$39.21 (45%)
R&C Shampoo® 4 oz.	561	$85.52	$78.40	$142.50	$64.10 (45%)
R&C Spray® 5 oz.	590	$46.62	$42.74	$77.50	$34.76 (45%)
R&C Spray® 10 oz.	591	$78.12	$71.61	$130.00	$58.39 (45%)
R&C Lice Treatment Kit	580	$115.76	$106.12	$192.50	$86.38 (45%)

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Top 100 OTCs survey | INSIDE PHARMACY

leads top 100 over-the-counter product list

grabbed the top position within the category and third in the top 100 OTC listing, based on number of units moved through drug chains. The results were even better for Tylenol Extra Strength caplets 50s based on its dollar volume and dollar margin, where it was also the No. 1 product within the analgesic category and the No. 2 product in the overall top 100 OTC listing.

In total, Tylenol products accounted for just over half of all the analgesic products in the listing.

Other winners in the category included Advil tablets with four sku's (24s, 50s, 100s and 165s), Nuprin tablets 24s and 50s, and Bayer tablets 100s and 50s, whose ranking was pushed along by a new FDA-approved, one-a-day dosage indication to help prevent recurrence of heart attacks.

Eye/lens care third

The eye/lens care category placed a solid third (based on units, dollars and dollar margins) in the listing of Top 100 OTC products, due primarily to a strong showing by contact lens care products.

According to the survey, 14% of the top 100 OTC products based on unit movement were for eye and lens care products.

Grabbing top honors among the lens care products was Bausch & Lomb's Sensitive Eye Saline Solution 12 ounce, which placed first in the category and eighth in the listing of the top 100. Second in the category was another saline product, Unisol 4 Saline Solution Twinpak, which placed 20th among the eye/lens product section (also based on product movement).

Among the 14 products listed in the eye and lens care category, only three were not indicated for use with contact lenses. They were all sku's of Visine brand eye products.

Contraceptives' showing

Among the more notable categories making this year's listing of the Top 100 OTC products was contraceptives. While this category cannot be considered a giant among OTC product categories, it is significant that at least one condom made it to the listing, Trojan Enz Lubricated 12s, placing first in the category (in a field of two) and 45th in the listing of top 100 products.

The study showed that contraceptives were a bit more prominent when the study was looked at based on dollar sales and dollar margins.

Making the listing were Trojan Enz Lubricated 12s (first in category, 36th in top 100), Today Vaginal Sponge 3s (second in category, 86th in top 100), Trojan Naturalamb 12s (third in category, 95th in top 100) and Gynol II Contraceptive Jelly Refill (fourth in category, 97th in top 100).

Battle of antacids

In the ongoing battle for shelf space in antacids, if unit movement is any indication, it appears Mylanta has won.

According to the survey, based on number of units, Mylanta Liquid 12 ounce took first place in a field of nine antacids within the top 100 OTC listing, with Mylanta II 12 ounce taking second place in the category (11th and 14th, respectively, in the top 100).

Maalox had three sku's in the top 100 listing: Maalox Plus Suspension 12 ounce, Maalox Suspension 12 ounce and Maalox Plus tabs 3-roll 36s. Maalox Plus Suspension 12 ounce was the third fastest moving antacid and placed 16th among the top 100s.

Vitamins flat

Only two vitamins made this year's top 100 OTC list, reflecting a relatively flat growth year for the category.

The two vitamin brands included in the survey were Centrum 100s, which captured top honors in the two-product field (and came in 18th in the top 100), and Theragran-M tablets 100s, which was the 57th fastest moving product in the top 100 listing.

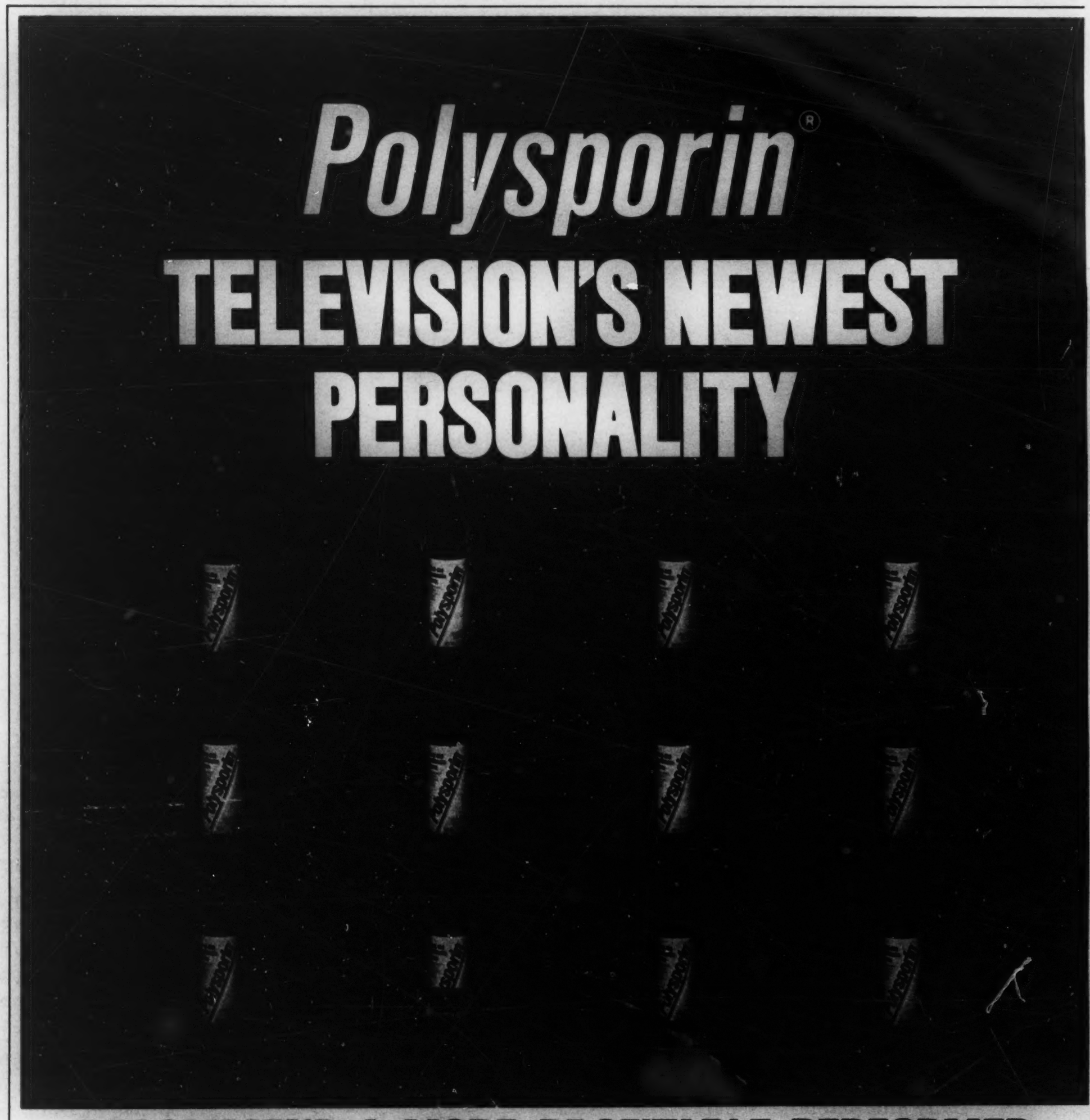
Fleet first in units

Although Fleet Enema was the No. 1 product in unit movement, only one other laxative, Correctol tabs 30s, made the list based on product movement.

A major reason for Fleet's popularity year after year as the fastest moving product is that it is disposable, fast acting and relatively easy to use.

Looking at survey results based on dollar sales, the laxative field becomes a bit more crowded.

Fleet also takes the No. 1 spot here, but is followed by two sku's of Metamucil Regular, 12 ounce and 14 ounce.



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Polysporin is now being featured in a national advertising campaign that includes:

- $4 million in prime and daytime TV.
- 48 million Sunday inserts with consumer coupons worth 50¢ good toward purchases of Polysporin spray and ointment.

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INSIDE PHARMACY

TOP 100 OTC PRODUCTS

NUMBER OF UNITS		DOLLAR SALES		DOLLAR MARGINS	
RANK	PRODUCT NAME	RANK	PRODUCT NAME	RANK	PRODUCT NAME
1	Fleet Enema Disposable 4.5.oz.	1	Centrum 100 w/30 Free	1	Centrum 100 w/30 Free
2	Vaseline Lip Therapy .35 oz.	2	Tylenol Extra Strength Caplets 50s	2	Tylenol Extra Strength Caplets 50s
3	Tylenol Extra Strength Caplets 50s	4	Tylenol Extra Strength Caplets 100s	3	B&L Sensitive Solution 12 oz.
4	Vicks Nyquil 6 oz.	3	Advil Tablets 50s	4	Bayer Reg Strength Tabs 100s
5	Alka Seltzer Plus Cold Tabs 20s	5	Bayer Reg Strength Tabs 100s	5	Tylenol Extra Strength Caplets 100s
6	Advil Tablets 24s	6	B&L Sensitive Solution 12 oz.	6	Mylanta II 12 oz.
7	Afrin Nasal Spray 1/2 oz.	7	Mylanta II 12 oz.	7	Advil Tablets 50s
8	B&L Sensitive Solution 12 oz.	8	Advil Tablets 100s	8	Alka Seltzer Plus Cold Tabs 36s
9	Sudafed Tabs 30mg 24s	9	Anacin Tablets 100s	9	Vicks Nyquil 6 oz.
10	Tylenol Extra Strength Tabs 30s	10	Vicks Nyquil 6 oz.	10	Mylanta Liquid 12 oz.
11	Mylanta Liquid 12 oz.	11	Alka Seltzer Plus Cold Tabs 36s	11	Chemstrip BG Glucose Strips 50s
12	Benadryl-25 Kapseals 24s	12	Tylenol Extra Strength Tabs 60s	12	Allergan Lens Cleaner Tabs 24s
13	Advil Tablets 50s	13	Chemstrip BG Glucose Strips 50s	13	Advil Tablets 100s
14	Mylanta II 12 oz.	14	Tylenol Extra Strength Tabs 100s	14	Trojan Enz Lubricated 12s
15	Tylenol Extra Strength Caplets 100s	15	Mylanta Liquid 12 oz.	15	Tylenol Extra Strength Caplets 175s
16	Maalox Plus Suspension 12 oz.	16	Allergan Lens Cleaner Tabs 24s	16	Drixoral Decongestant Tabs 20s
17	Bayer Reg Strength Tabs 100s	17	Benadryl-25 Kapseals 24s	17	Alka Seltzer Plus Cold Tabs 20s
18	Centrum 100 w/30 Free	18	Advil Tablets 24s	18	Anacin Tablets 100s
19	Neosporin Ointment 1/2 oz.	19	Vicks Nyquil 10 oz.	19	Sudafed Tabs 30mg 24s
20	Unisol 4 Saline Solution Twinpak	20	Advil Tablets 165s	20	Afrin Nasal Spray 1/2 oz.
21	Dimetapp Elixir 4 oz.	21	Alka Seltzer Plus Cold Tabs 20s	21	Tylenol Extra Strength Tabs 60s
22	Benadryl Elixir 4 oz.	22	Fibre Trim Tablets 100s	22	Vicks Nyquil 10 oz.
23	Bayer Reg Strength tabs 50s	23	Drixoral Decongestant Tabs 20s	23	Benadryl-25 Kapseals 24s
24	Robitussin-DM 4 oz.	24	Tylenol Extra Strength Tabs 30s	24	Fibre Trim Tablets 100s
25	Tylenol Drops 1/2 oz.	25	Tylenol Extra Strength Caplets 24s	25	Advil Tablets 165s
26	Tylenol Extra Strength Caplets 24s	26	Sudafed Tabs 30mg 24s	26	Dimetapp Elixir 4 oz.
27	Visine Eye Drops 1/2 oz.	27	Afrin Nasal Spray 1/2 oz.	27	Tylenol Extra Strength Tabs 100s
28	Drixoral Decongestant Tabs 10s	28	E.P.T. Plus Early Pregnancy Test	28	Advil Tablets 24s
29	Tylenol Extra Strength Tabs 60s	29	Theragran-M Tablets 100 w/30 Free	29	E.P.T. Plus Early Pregnancy Test
30	Pepto-Bismol Liquid 4 oz.	30	Dimetapp Elixir 4 oz.	30	Tylenol Children's Elixir 4oz.
31	Pepto-Bismol Liquid 8 oz.	31	Tylenol Children's Elixir 4oz.	31	Tylenol Extra Strength Caplets 24s
32	Alka Seltzer Tablets 36s	32	Tylenol Drops 1/2 oz.	32	Tylenol Extra Strength Tabs 30s
33	B&L Sensitive Solution 8 oz.	33	Tylenol Extra Strength Caplets 175s	33	Theragran-M Tablets 100 w/30 Free
34	Tylenol Children's Elixir 4oz.	34	Fleet Enema Disposable 4.5.oz.	34	Neosporin Ointment 1/2 oz.
35	Vicks Formula 44-D 4 oz.	35	Fibre Trim Tablets 250s	35	Vaseline Lip Therapy .35 oz.
36	Tylenol Chewable Tabs 30s	36	Trojan Enz Lubricated 12s	36	Fleet Enema Disposable 4.5.oz.
37	Vicks Nyquil 10 oz.	37	Neosporin Ointment 1/2 oz.	37	Drixoral Decongestant Tabs 40s
38	Maalox Suspension 12 oz.	38	Os-Cal Supplement 500mg 60s	38	Dimetapp Extentabs 12s
39	Dimetapp Extentabs 12s	39	Dexatrim Extra Strength Caps 20s	39	Tylenol Drops 1/2 oz.
40	Preparation H Ointment 1 oz.	40	Dimetapp Extentabs 24s	40	Dimetapp Extentabs 24s
41	Contac Capsules 10s	41	Robitussin-DM 4 oz.	41	Os-Cal Supplement 500mg 60s
42	Alka Seltzer Plus Cold Tabs 36s	42	Benadryl Elixir 4 oz.	42	Drixoral Decongestant Tabs 10s
43	Summers Eve V&W Twinpk Douche	43	Drixoral Decongestant Tabs 40s	43	Dexatrim Extra Strength Caps 20s
44	Fibre Trim Tablets 100s	44	Dimetapp Extentabs 12s	44	Sudafed Tabs 30mg 48s
45	Trojan Enz Lubricated 12s	45	Maalox Plus Suspension 12 oz.	45	Robitussin-DM 4 oz.
46	Anacin Tablets 100s	46	Vaseline Lip Therapy .35 oz.	46	Fibre Trim Tablets 250s
47	Advil Tablets 100s	47	Sudafed Tabs 30mg 48s	47	Maalox Plus Suspension 12 oz.
48	B&L Saline Solution 12 oz.	48	Pepto-Bismol Liquid 8 oz.	48	Advance Pregnancy Test
49	Tylenol Extra Strength Tabs 100s	49	B&L Saline Solution 12 oz.	49	Aosept Disinfecting Solution
50	Tylenol Extra Strength Caplets 175s	50	Robitussin-DM 8 oz.	50	Robitussin-DM 8 oz.

INSIDE PHARMACY

TOP 100 OTC PRODUCTS

NUMBER OF UNITS		DOLLAR SALES		DOLLAR MARGINS	
RANK	PRODUCT NAME	RANK	PRODUCT NAME	RANK	PRODUCT NAME
51	Maalox Plus Tabs 3-Roll 36s	51	Drixoral Decongestant Tabs 10s	51	Rid Pediculicide 4 oz.
52	Drixoral Decongestant Tabs 20s	52	Glucostix Reagent Strips 50s	52	Contac Capsules 20s
53	Preparation H Suppositories 12s	53	Advance Pregnancy Test	53	Pepto-Bismol Liquid 8 oz.
54	Neosporin Cream 15 gm	54	Dimetapp Elixir 8 oz.	54	Dimetapp Elixir 8 oz.
55	Actifed Tabs 24s	55	Vicks Formula 44-D 4 oz.	55	Trojan Naturalamb 12s
56	Dristan Advance Formula 24s	56	Tylenol Chewable Tabs 30s	56	Blistex Roll Pack Display
57	Theragran-M Tablets 100 w/30 Free	57	Aosept Disinfecting Solution	57	Glucostix Reagent Strips 50s
58	Tylenol Regular Strength Tabs 100s	58	First Response Pregnancy Test	58	Flex Care Disinfecting Sol. 12 oz.
59	Sudafed Tabs 30mg 48s	59	Rid Pediculicide 4 oz.	59	First Response Pregnancy Test
60	Pliagel Soft Cleaning Solution	60	Maalox Suspension 12 oz.	60	Vicks Formula 44-D 4 oz.
61	Actifed Decongestant Tabs 12s	61	Contac Capsules 20s	61	Benadryl Elixir 4 oz.
62	Today Vaginal Sponge 3s	62	Bufferin Reg. Strength Tabs 100s	62	Allergan Lens Cleaner Tabs 48s
63	Dexatrim Extra Strength Caps 20s	63	Flex Care Disinfecting Sol. 12 oz.	63	Allergan Lens Cleaner Tabs 12s
64	Cortaid Cream .5% w/Aloe	64	Metamucil Regular 21 oz.	64	Tylenol Chewable Tabs 30s
65	Contac Capsules 20s	65	Unisol 4 Saline Solution Twinpak	65	B&L Saline Solution 12 oz.
66	Visine Allergy/Cold Drops 1/2 oz.	66	Preparation H Suppositories 12s	66	Maalox Suspension 12 oz.
67	Nuprin Tablets 24s	67	Allergan Lens Cleaner Tabs 48s	67	Unisol 4 Saline Solution Twinpak
68	Allergan Lens Cleaner Tabs 24s	68	Allergan Lens Cleaner Tabs 12s	68	Visine Eye Drops 1/2 oz.
69	Rid Pediculicide 4 oz.	69	Visine Eye Drops 1/2 oz.	69	Bufferin Reg. Strength Tabs 100s
70	Correctol Laxative Tablets 30s	70	Tylenol Extra Strength Tabs 200s	70	Preparation H Suppositories 12s
71	Advil Tablets 165s	71	E.P.T. Plus Double Kit	71	Metamucil Regular 21 oz.
72	Dimetapp Extentabs 24s	72	Preparation H Ointment 1 oz.	72	E.P.T. Plus Double Kit
73	Coricidin D Tabs 24s	73	Nuprin Tablets 50s	73	Tylenol Extra Strength Tabs 200s
74	Aosept Disinfecting Solution	74	Actifed Tabs 24s	74	Contac Capsules 10s
75	Chlor-Trimeton Tabs 4mg 24s	75	Metamucil Regular 14 oz.	75	Fact Pregnancy Test Kit
76	Tylenol Children's Elixir 2oz.	76	Contac Capsules 10s	76	Pepto-Bismol Liquid 4 oz.
77	Allergan Lens Plus Solution 8 oz.	77	Blistex Roll Pack Display	77	Primatene Mist Complete
78	Betadine Douche 8 oz.	78	Primatene Mist Complete	78	Nuprin Tablets 50s
79	Excedrin Extra Strength Tabs 100s	79	Pepto-Bismol Liquid 4 oz.	79	Actifed Tabs 24s
80	Vicks Nyquil 14 oz.	80	Dexatrim Extra Strength Caps 40s	80	Colace Caps 100mg 60s
81	Neosporin Ointment 1 oz.	81	Dristan Advance Formula 24s	81	Pliagel Soft Cleaning Solution
82	Robitussin-DM 8 oz.	82	Colace Caps 100mg 60s	82	A-200 Pyrinate Liquid 4 oz.
83	Comtrex MultiSymptom Tabs 24s	83	A-200 Pyrinate Liquid 4 oz.	83	Today Vaginal Sponge 3s
84	Cortizone-5 Cream 1/2% 1 oz.	84	Pliagel Soft Cleaning Solution	84	Preparation H Ointment 1 oz.
85	Fibre Trim Tablets 250s	85	Primatene Mist Refill 15cc	85	Metamucil Regular 14 oz.
86	Sudafed SA 12HR Capsules 10s	86	Today Vaginal Sponge 3s	86	Dexatrim Extra Strength Caps 40s
87	Nuprin Tablets 50s	87	Comtrex MultiSymptom Tabs 24s	87	Primatene Mist Refill 15cc
88	Visine Eye Drops 1 oz.	88	Nuprin Tablets 150s	88	Stresstabs 600 w/Iron
89	Tylenol Chewable Tabs 48s	89	Correctol Laxative Tablets 30s	89	Boston Conditioning Sol. 4 oz.
90	Triaminic Expectorant 4 oz.	90	Fact Pregnancy Test Kit	90	Comtrex MultiSymptom Tabs 50s
91	Clerz 2 Eye Drops .5 oz.	91	B&L Sensitive Solution 8 oz.	91	Gynol II Contraceptive Jelly Refill
92	Benadryl Regular Tablets 24s	92	Benadryl-25 Kapseals 48s	92	Pepto-Bismol Liquid 16 oz.
93	Bufferin Reg. Strength Tabs 100s	93	Comtrex MultiSymptom Tabs 50s	93	Opti-Zyme Enzymatic Tablets 36s
94	B&L Daily Cleaner 1.5 oz.	94	Stresstabs 600 w/Iron	94	Dristan Advance Formula 24s
95	B&L Sensitive Eyes Cleaner 1 oz.	95	Trojan Naturalamb 12s	95	Nuprin Tablets 150s
96	CoTylenol Cold Formula Tabs 24s	96	Boston Conditioning Sol. 4 oz.	96	Comtrex MultiSymptom Tabs 24s
97	Pepto-Bismol Liquid 12 oz.	97	Gynol II Contraceptive Jelly Refill	97	Neosporin Ointment 1 oz.
98	Vivarin Tablets 40s	98	Pepto-Bismol Liquid 16 oz.	98	Rid Pediculicide 2 oz.
99	Sudafed Plus Tabs 24s	99	Preparation H Suppositories 24s	99	Correctol Laxative Tablets 30s
100	Vicks Vapo-Rub 3 oz.	100	Vicks Nyquil 14 oz.	100	Tylenol Children's Elixir 2oz.

Source: *Drug Store News* Research

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Pharmacy:
Nursing home chain
script centers—p. 37

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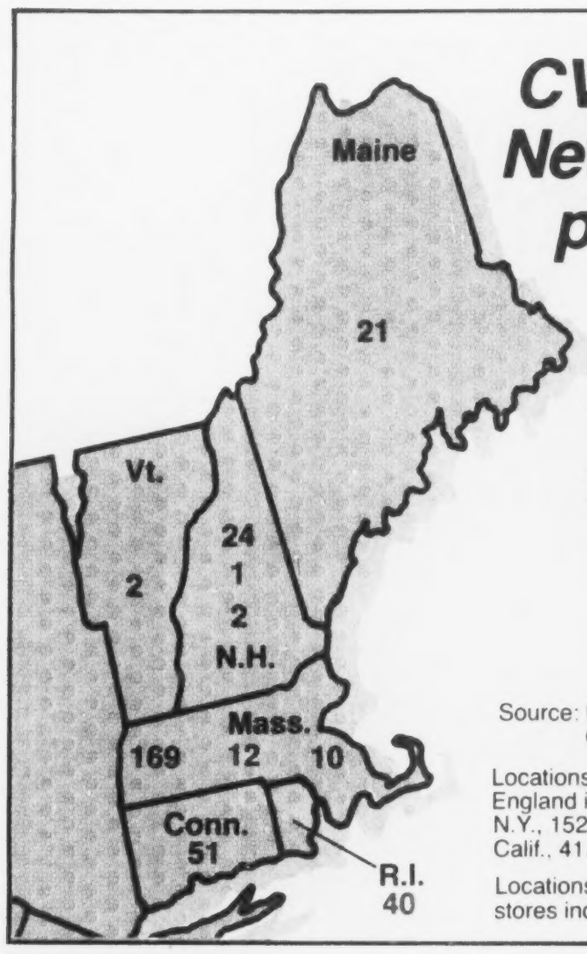
DRUG STORE NEWS

Vol. 9/No. 16 **Serving chains, wholesalers and high-volume independents for 58 years.** Published by Lebhar-Friedman Inc. August 3, 1987



CVS fortifies New England presence

Number of CVS stores before purchase:

Stores bought from Supermarkets General:

Heartland Drugs:

Pharmacity Drugs:

Source: Melville Corp. and Supermarkets General

Locations of CVS stores outside New England include: Del., 3; N.J., 77; Md., 5; N.Y., 152; Pa., 45; Ohio, 3; Mich., 15; Calif., 41.

Locations of Melville-owned Freddy's stores include: N.Y., 5; Fla., 7.

Melville to buy SGC's 25 New England drug stores

By Dave Vaczek

HARRISON, N.Y. — Debt-heavy Supermarkets General Corp. has signed a tentative pact to sell 25 Pharmacity and Heartland drug stores to CVS parent Melville Corp. That will leave SGC without freestanding drug stores in its most northern markets of Massachusetts and New Hampshire.

The retailers didn't disclose a purchase price, but analysts value the stores at $75 million to $100 million.

The sale of 14 Pharmacity units and 11 Heartland deep discount drug stores reflects SGC's radically altered business picture since its $1.8 billion leveraged buyout in May. Limited capital resources and the need to pay buyout debt prompted the sale, Jeffrey Girard, SGC's vp-treasurer, told *Drug Store News*.

"We felt we couldn't devote the capital to expand (the divisions) the way we would have otherwise liked to," said Girard, who noted the proceeds will service debt.

Converted to CVS format

All the stores—most of which are scattered throughout Massachusetts—will be converted to the CVS format, even though the Heartland stores are about twice CVS's typical 9,000-square-foot format, said Robert Huth, Melville's cfo.

Some of the space will be used to expand departments, or stores might be paired with other Melville retail operations, such as its Linens 'n Things sundry stores, Huth said.

The Heartland store size is more in line with Melville's Freddy's deep discount chain, but Freddy's has concentrated its growth in New York and Florida markets, and there are no plans to convert Heartlands into Freddy's.

See **SGC,** *page 45*

Chains eye Fla. ad tax effect warily

TALLAHASSEE, Fla.— Drug chains are watching closely as national vendors go eyeball-to-eyeball with the state of Florida over its controversial advertising tax.

As an increasing number of manufacturers cancel or scale back advertising programs, drug chains' sales that often rely on vendors' spot and network broadcasts and print campaigns are threatened.

Chain officers and market observers say it's too early to see an impact in retail sales as a result of branded vendors' ad budget cutbacks. They also say it remains to be seen how committed the vendors will be to drastically deflated promo-

See **Tax,** *page 45*

Rite Aid sees green in Gray

By Al Heller

NEW CUMBERLAND, Pa. — "We've been busy," Rite Aid chairman Alex Grass understated to stockholders at the company's recent annual meeting here.

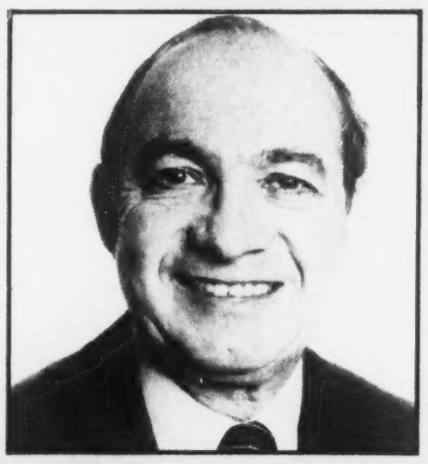
The drug company, which pocketed 574 retail stores during three deft takeover swoops since Feb. 1 and expanded its roster of sites by 45% with these moves, doesn't expect to miss a beat in absorbing the larger base and garnering cost-saving efficiencies.

"We've been able to [absorb and operate acquired stores] with almost no addition to headquarters staff," said Grass, proud to note the "positive effect on expense ratios."

Indeed, he said Rite Aid would cut back Gray Drug Fair's 272-person headquarters staff to 35 and move them to Pennsylvania, probably by September.

Conversion planned

Moreover, Rite Aid will stick with its efficient cookie cutter store mold by converting the 356 Gray Drug Fair stores acquired June 26 into the conventional Rite Aid format. That will involve paring stores back to the bantam size at the rate of two per week through September and four per week thereafter—taking 24 to 30 months to complete.



Alex Grass: 'Almost no addition to headquarters staff.'

Grass expects the stores to perform near typical Rite Aid levels well before then. To help that happen,

See **Rite Aid,** *page 46*

Fisher keeps 42 retail stores open

BEDFORD HEIGHTS, Ohio — Fisher Foods isn't closing its retail stores after all.

The company said it will keep open 42 stores—including its Carl's combos and Jax deep discount drug units—after union rank and file endorsed a clause on layoff procedure it had first rejected.

Fisher—battered by supermarket competition and high business costs in Cleveland—will still be closing 19 Fazio's supermarkets as it tries to stop hemorrhaging profits. The Fazio's, 18 of which were already closed at presstime, are in Ohio markets including Cleveland, Lorain, New Phil-

See **Fisher,** *page 45*

LATE NEWS

• ST. LOUIS — Medicare-Glaser seeks to acquire small chains and independent drug stores to strengthen its home market advantage here, company chairman Harlan Steinbaum told shareholders at the company's annual meeting July 21.

• SEATTLE — Pay 'n Save Stores has agreed in principle to buy the six-store GO Guy Drug Store Division of Bonanza Stores. The stores are generally smaller than most suburban Pay 'n Saves, and could fit in with the chain's downsized format "Limited" concept.

• DETROIT — Seventy pharmacists at Farmer Jack, an 84-store supermarket operator in Michigan, will vote this month on whether they will be represented by The Guild for Professional Pharmacists.

Adaptability keeps indy afloat

By James Frederick

PALATINE, Ill. — Wedged into a modest, easily overlooked strip of storefronts between a delicatessen and a liquor store on busy Dundee Road, Wolff Pharmacy presents a less-than-formidable front to its growing host of big-name competitors.

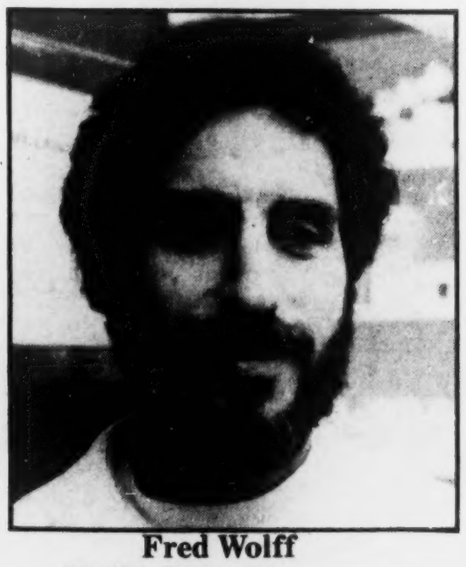
But like a modern-day David, owner-operator Fred Wolff is again being thrust unwillingly into the field of battle—this time to face a corporate Goliath whose march on this town later this year is sure to shake the retail community.

Wolff is the last independent pharmacist serving this growing community on the

INDY FOCUS

outskirts of Greater Chicago. As such, he has survived a gauntlet of competitive, legal and demographic challenges

See **Adaptability,** *page 44*



Fred Wolff
Wolff Pharmacy owner

NEWS IN BRIEF

Duane Reade computerizes pharmacies

LONG ISLAND CITY, N.Y. — Duane Reade, the 30-unit chain of high-volume drug stores, is in the process of computerizing its entire pharmacy operation.

Duane Reade is installing IBM-AT pharmacy computer systems in all its stores. The chain is also using DAGAR pharmacy and medical software to handle a variety of tasks, including single-screen script processing and bi-directional central communications to the corporate offices.

Duane Reade is also using a communications package, designed by DAGAR's parent, Software Development Corp. of Bethany, Conn., to poll its stores each night and ask for sales and third-party billings.

The same communication package also periodically sends product price updates to each store and serves as an electronic mailbox for messages between the individual stores and the main office.

Duane Reade selected the DAGAR system after a two-year test of a variety of computer hardware and software systems.

LaVerdiere becomes major stockholder

WATERVILLE, Me. — Reggie LaVerdiere, vice chairman and ceo of LaVerdiere's Enterprises, owner of LaVerdiere's Super Drug Stores, has become the majority stockholder, after buying 60% of voting stock from family members. LaVerdiere, 64, gained shares that had been controlled by his mother, brothers and sisters through a redemption agreement.

LaVerdiere now owns the company that was started by his father. In the 50 years he has worked at the company, Reggie LaVerdiere has built the drug stores into a 59-store business. It has also developed subsidiaries, including the Action Mail Order Drug Co., a drug repackaging business; Action Family Arcades, a video arcade business; and LaVerdiere's Realty Corp.

Recently, his sons have moved into top management posts, with the eldest son, Stephen, as company president and coo, Michael as executive vp and chairman of the executive board, and Jeffrey, vp-MIS.

Pay 'n Save to open six more Bi-Marts

SEATTLE — Pay 'n Save Inc. plans to open another six Bi-Mart membership discount stores, all in the Oregon market.

Leases for three of the new 30,000-square-foot Bi-Marts have been signed, and the first will open in late 1987 in Lincoln City, Ore., while two more will open in early 1988 in Corvallis and East Tigard, Ore.

Marty W. Smith, president of Bi-Mart, said the company plans to open another three stores in early 1988 in Sunnyside, Wash., and La Grande, Ore.

Bi-Mart operates as a membership discount chain with pharmacies and an expanded selection of general merchandise items.

The additions will give Bi-Mart a total of 40 stores, all operating in Oregon and southeast Washington.

Minn. approves sales of reading glasses

ST. PAUL, Minn. — Minnesota has become the 48th state to pass a law permitting reading glasses to be sold in drug and other mass retail stores within the state. The law, signed by Gov. Rudy Perpich last month, took effect Aug. 1.

New York and Rhode Island are now the only two states that restrict the sale of reading glasses.

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Vol. 9, No. 16 August 3, 1987

Pappas hand-picks items for checkstand sales

'You have to have a feel for what people will buy.'

— Jim Pappas

By Pamela Krein

SEATTLE — Jim Pappas literally surrounds himself with his work.

Hanging from his office walls, tucked away in boxes and piled up on his desk are potential checkstand products. Some never make it into Pay 'n Save drug stores, while other items are quickly included in his planograms.

Pappas directs the checkstand merchandising at all of the chain's 100 stores as director of controlled checkouts. He is among the first in the retail drug field to hold such a position.

When Pappas came to Pay 'n Save from McCrory in January, he was well acquainted with his job. This is the third company where he has held a similar spot.

Prior to his arrival, Pappas said Pay 'n Save had primarily high-priced items at the checkouts. Since the start of his planogram this summer, however, all stores carry a stronger price mix of impulse items and other products that are generally planned purchases. According to Pappas, approximately 75-80% of the purchases made at a checkstand are done on impulse.

So items like jars of peanuts, tape, magnets, film, batteries, razors, candy and rubber gloves—"anything from toothbrushes to pencils," as Pappas noted—are now strategically placed on planogrammed checkout panels.

Executive Profile

The merchandise is not aimed at just one type of shopper, Pappas explained, adding that he tries to include "something there for every age [group]."

Pappas said checkstand merchandise turns at least six times a year, and considerably more often for such items as gum, candy and lighters.

Pappas enjoys showing visitors the array of merchandise surrounding him, and his office is almost like a toy store. On one wall, he displays his latest find—magnets in various shapes and designs, which will soon be in the stores.

Off in the corner of his office are boxes of additional merchandise, while on his desk are more items ranging from gag gifts to kitchen gadgets. Some of the products peak Pappas' interest, while others are returned to the vendor.

While working on Pay 'n Save's new checkstand program, Pappas said he came up with six times the amount of merchandise he needed. He relied on his instincts to narrow down the field. "You have to have a feel for what people will buy. If I like something, I just go out and buy it."

New merchandise continues to flow into his office every day, and Pappas considers all of it on the basis of whether it is "something people can use." Once an item is selected to go into the stores, Pappas said he is careful not to overprice it, so it offers a good value and/or retains its impulse nature.

See story on Pay 'n Save appointments — pg. 45

Although the merchandise will be changed periodically at the checkstands, Pappas said the fast-selling and reliable items "are there for life." But the merchandise that does not live up to his expectations or begins to slow in sales is quickly replaced, he noted.

The introduction of Pappas' controlled checkstands this summer coincides with Pay 'n Save's overall store reformatting plan, designed to take it back to its drug store image. Pappas was one of several upper management personnel to join Pay 'n Save in January, and he is also one of a number to come from McCrory.

Pappas started his career at the age of 14, working in a grocery store as a meat cutter. He then worked in the wholesale business for a number of years before joining Jefferson Ward followed by McCrory.

At Pay 'n Save, Pappas' planned checkstand panels allow store personnel to easily replace merchandise as it sells. Reorders are processed

Continued on page 45

Jim Pappas was one of several key people joining Pay 'n Save in January. As director of controlled checkouts, he has a wide variety of potential checkstand items inundating his office.

Correction

Drug Store News incorrectly reported Pay 'n Save's plans in the July 6, 1987 issue. The West Coast chain does not plan to open twenty 60,000-square-foot stores in Alaska and Hawaii. Pay 'n Save's plans involve opening 4,000- to 6,000-square-foot apparel departments in 20 of its 20,000- to 60,000-square-foot stores in Alaska and Hawaii.

TRENDS

Chains polish nail departments to exploit hot items

Chain drug store buyers are continuing to upgrade their nail care departments to take advantage of strong growth trends in both nail treatments and nail extenders or press-ons.

Buyers are also revamping their color sections to exploit continued growth in the Revlon and L'Oreal color lines and improved sales for brands such as Max Factor and Almay nail colors.

Buyers say that while nail extender sales seem to have peaked in their stores as the category reaches maturity, the growth is still unusually robust, particularly in the low-end segment of the category.

Extender sales up

Many chain drug store buyers say that sales in the total nail extender category are up 10%-25% over last year, with category leader Lee Nails still turning in a strong performance.

The less expensive or budget brands, however, are also showing strong growth, especially the nails made by Kristy Wells, Emerge, Artmatic and Wet 'N Wild.

Buyers are also enthusiastic about the nail treatment and nail implements categories. Many buyers say their treatment sales are even stronger than their press-on nails. And implements, although it is still a relatively low dollar volume category, is growing in some chains at the rate of 10%-15% a year.

Buyers report that some of their strongest growth is coming from the Salle 10 treatment line from Salle 10 International; the Sally Hansen treatment line; a variety of professional nail care brands, including such brands as Orly, Bondini and European Formula; Del Labs' La Cross implement lines; and the Revlon and Jonel implement lines.

Fay's cherrypicks La Cross

At Fay's Drug in New York, buyer Dale L'Amoureux says the La Cross line of implements from Del Labs has been doing well. Fay's, however, has cherrypicked the La Cross line and is currently carrying just two sku's.

She added that at the moment, Revlon is still her best implement line and that it is "too soon to tell" if La Cross will be able to give Revlon real competition.

In nail treatments, L'Amoureux said her best sellers to date are Salle 10 and Cosmagique's Nutra Nail. Nutra Gloss, which is new to Fay's, is also "excellent."

Revlon and L'Oreal are the two best nail polish brands in Fay's, says L'Amoureux, but in the budget segment, Wet 'N Wild and Emerge are also doing well.

Prior to the Rite Aid takeover at Gray Drug Fair, merchandisers were reporting strong sales for the Salle 10 Nail Strengthener, the Salle NoChip and many of the Sally Hansen treatment sku's.

The merchandising experts at Gray Drug Fair, however, said the Salle 10 growth was the strongest, and they believed this was because the Salle 10 brands are positioned as a "line of treatment products. Sally Hansen has a line, too," said one source, "but Salle 10 is packaged and marketed as a line, while the Sally Hansen brands are marketed as individual items."

Most buyers also report they are now planograming in a separate section for nail treatment and implement products. The reasoning is that treatment and implements are strong enough categories in themselves to be set apart from nail enamel and nail press-ons.

Most buyers say they put their treatment/implement sections close to nail color, but they call extra attention to them by giving them 4-8 feet of their own.

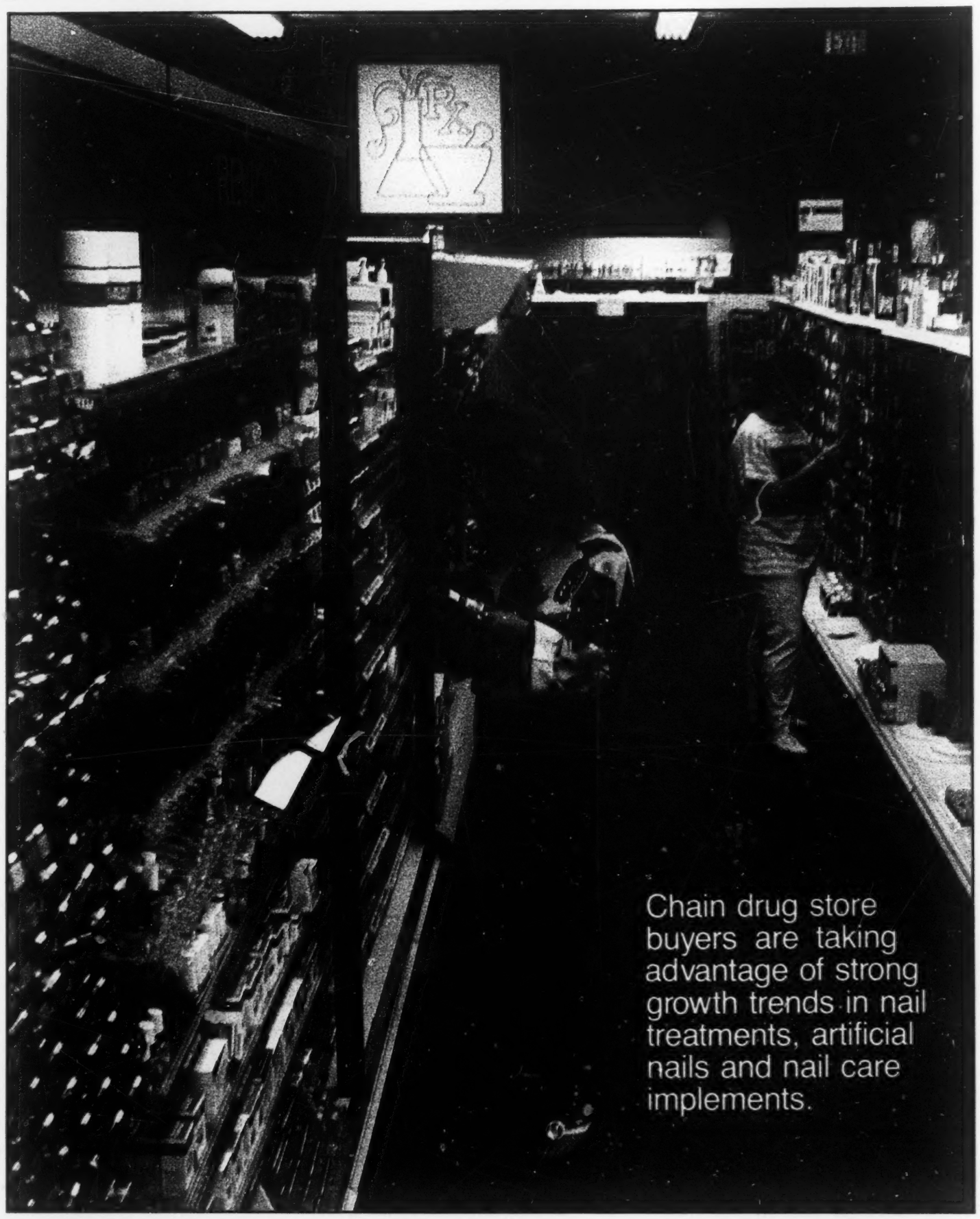
Some chains, particularly those with stores in California, are also using endcap fixtures or floor boutique displays with such names as Nail Salon and Nail Center to generate incremental sales.

Managers in California are particularly enthusiastic about the Jonee Nail Salon, which holds some 125 sku's in a fixture 42 inches wide by 15 feet deep. There are currently about 500 stores with nail salons, including Drug Emporiums, Longs and Oscos.

Some managers report annual sales of about $14,000 from the salons, with profits averaging about $5,600 a year. Jonee recently began television advertising for its Long Nails press-ons in select markets.

Aggressive advertising

Many buyers also say they are taking advantage of increased manufacturer consumer advertising in this category to promote nail treatment items more aggressively than ever before.



Chain drug store buyers are taking advantage of strong growth trends in nail treatments, artificial nails and nail care implements.

One Midwest buyer said the growth could be stimulated dramatically by advertising. "Many of the other cosmetic and H&BA categories yield instant gratification," he said. "You put on a press-on, and within seconds, you have new, longer nails. You put on lipstick or eye shadow, and immediately you see the result.

"But treatment products take time to work. They take discipline to apply, so sometimes the consumer can pull back from the category because it takes awhile to see results.

Treatment sales surge

"We find, however, that if we advertise treatments regularly, we can create even better growth than 25% to 30% a year."

At Revco, cosmetics buyer Nancy Stone said that treatment sales have definitely surged in 1987, and her feeling, based on store observations, is that treatment sales have now surpassed press-on sales and that nail treatment items may be the fastest growing segment in color cosmetics.

Stone said she is revamping her nail care planogram to eliminate slow turners.

Retailers appraise category prospects, servicing

Because nail care has set the color cosmetics growth pace for the past few years, *Drug Store News* decided it would be helpful to know how drug store retailers view the category's future and how they evaluate some of the major vendors on overall service and performance.

To do this, we commissioned Lebhar-Friedman Research to conduct a mail survey of merchandise managers and buyers at the nation's top 50 drug chains this spring.

In all, 19 companies, or 38%, of the top 50 highest volume drug chains responded to our questionnaire.

The respondents account for more than $10 billion of all chain drug store sales and 21% of the industry's annual volume.

Nail care growth prospects

Taken together, the respondents in our survey represent 3,500 stores, or about 19% of all chain drug stores in the nation.

Their opinions on the nail care category follow.

According to the survey, 36% of all drug store chain executives plan to expand space for the nail care category within the next 12 months.

Four out of every 10 respondents say they will, at the very minimum, keep the space for nail care as it is now, and two out of every 10 say they plan to increase space for this category in the next 12 months by at least 15%.

Buyers tell *Drug Store News* that nail care's strength is rooted in the nail extender segment and its positive impact on nail treatment, implement and polish sales.

They also say women will continue to support the category, because of the renewed interest in looking "fashionable and glamorous" and because of the growing incidence of working women who feel that well-manicured and well-groomed nails are essential to achieving a "professional image."

Four out of every 10 say they expect sales to climb

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TRENDS

Nail care

Retailers size up nail category prospects, servicing

Continued from page 9

10%-20% for all nail care products in the next 12 months; two out of 10 believe sales will increase 25%-30% over the next year.

Another 38% say they think sales will grow at least 5%. No one, according to the *Drug Store News* survey, expects sales to decrease in nail care.

Buyers say they don't believe sales will peak or stabilize in this category for at least another "18 months to 2 years."

Many say that as a result of nail extenders' success, women are trying other types of nail products, particularly nail treatment and nail implements designed to strengthen and maintain the health of the nail, the nail bed and the cuticle areas.

Higher consumption in the category has also helped nail polish and nail enamel sales, which still account for more than 50% of all nail care retail dollars.

We asked buyers and merchandise managers which nail polish brands they thought were most in demand in their stores.

How nail care companies stack up
(% of respondents rating companies excellent or good)

Area	Revlon	L'Oreal	Sally Hansen	Max Factor	Cutex	Aziza
Consumer demand	94%	94%	63%	39%	54%	47%
Consumer ad support	95	100	50	37	50	26
Trade advertising	89	94	69	61	40	47
Product quality	100	95	69	67	62	57
Packaging	95	100	69	72	38	74
Breadth of line	95	78	93	33	31	22
Servicing	68	89	25	73	35	47
Special promos/deals	73	89	56	39	15	42
Delivery fulfillment	74	100	31	53	57	68
Product innovations	72	24	78	37	—	63
Merchandising support	63	84	44	37	24	37
Company's past performance	68	89	56	42	29	47
Most improved company	67	67	71	76	—	27

Source: *Drug Store News* Drug Chain Retailer Survey

Nearly five out of every 10 retail respondents picked Revlon and L'Oreal as the nail polish brands most popular with their consumers.

Several buyers described the Sally Hansen and Cutex lines as promising, but "not living up to their potential."

Consumer ad support

Nearly five out of every 10 retailers rated L'Oreal as excellent in consumer ad support, but just two out of every 10 buyers and merchandisers said the same for Revlon.

Product quality

Retailers also thought L'Oreal and Revlon were the runaway leaders on product quality.

In rating Cutex, 23% of respondents said quality was poor, while 15% considered it at least fair. The rest considered it good.

Nearly two out of three, 63%, said Sally Hansen's quality was good; 6% said excellent.

One out of every 10 retailers felt Aziza's quality was poor, 22% thought it was just fair, and five out of 10 felt it was good.

Packaging

Revlon and L'Oreal both stood out over the competition on packaging scores.

In comparison, 28% of respondents felt Factor nail polish packaging was excellent, and another 44% termed it good.

Breadth of line

Retailers felt that Revlon had the broadest nail care offerings.

Thirty-three percent of all respondents also thought the breadth of the Sally Hansen line was excellent, while 60% called it good. Just 7% rated Sally Hansen poor on selection.

Twenty-eight percent rated L'Oreal as excellent on selection; 50% called the line good. Twenty-two percent, however, said the L'Oreal line was only fair in terms of breadth of selection.

Seventeen percent thought Aziza's selection was poor, just 22% rated it good, and the majority, 61%, called it fair.

Servicing

In the area of servicing, retailers gave L'Oreal A+ for excellence.

No other company scored higher than 7% in the "excellent" category, but seven out of 10 respondents said Max Factor's servicing was good to excellent, while 68% said Revlon's service was good to excellent.

Just three out of each 10 respondents said Cutex' service was good to excellent, and nearly five out of 10 rated Aziza's service good to excellent.

Special promotions/deals

Only L'Oreal and Revlon were chosen as excellent in providing special promotions and deals, and in this area, L'Oreal got more favorable mentions than Revlon.

Fifty-six percent of all respondents described Sally Hansen's promotions as good, 39% called Factor's promotions good, and 42% described Aziza's promotions as good. Just 15% said Cutex had good deals or good promotions, however.

Buyers said that, in general, the seasonal promotions and displays with header cards provided by both Rev-

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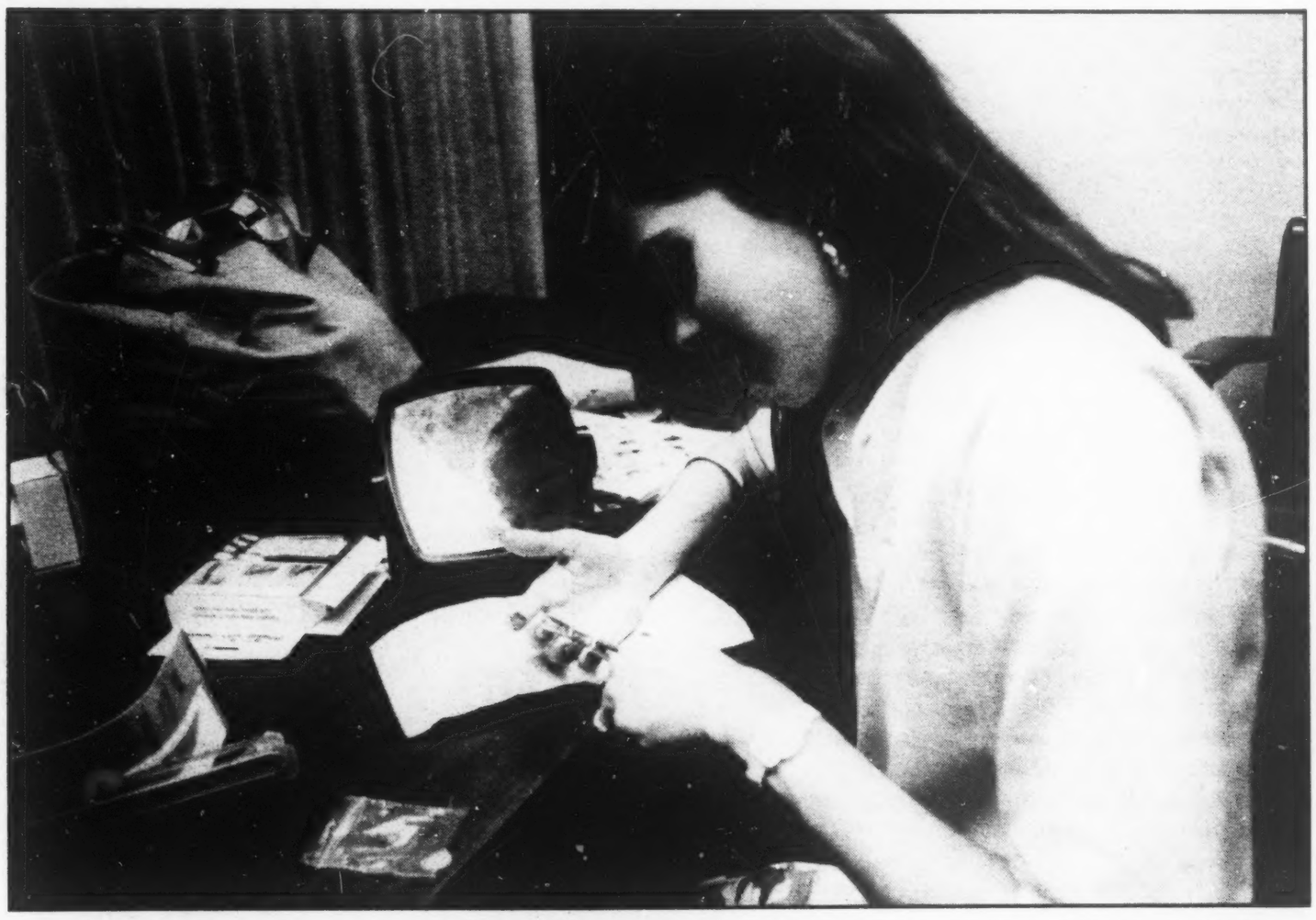

Buyers say nail care's strength flows from extender segment, which teen-agers have helped popularize.

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